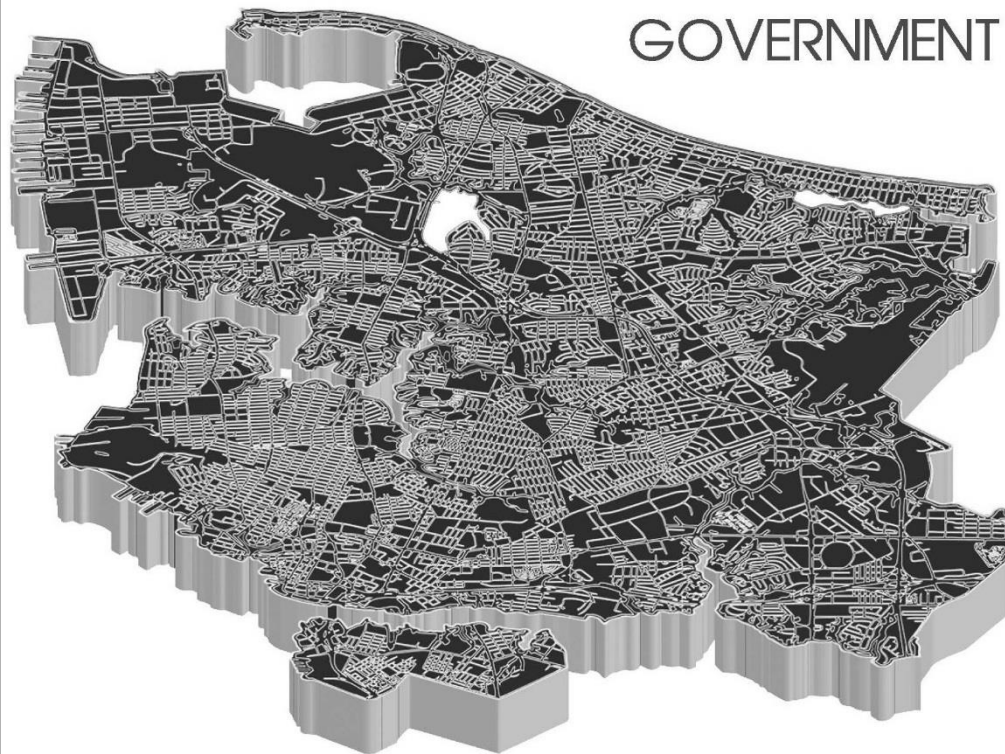


BUILDING A
WELL-MANAGED
GOVERNMENT



NEIGHBORS
BUILDING
NEIGHBORHOODS

PROPOSED FISCAL YEAR 2015 BUDGET
CITY OF NORFOLK, VA



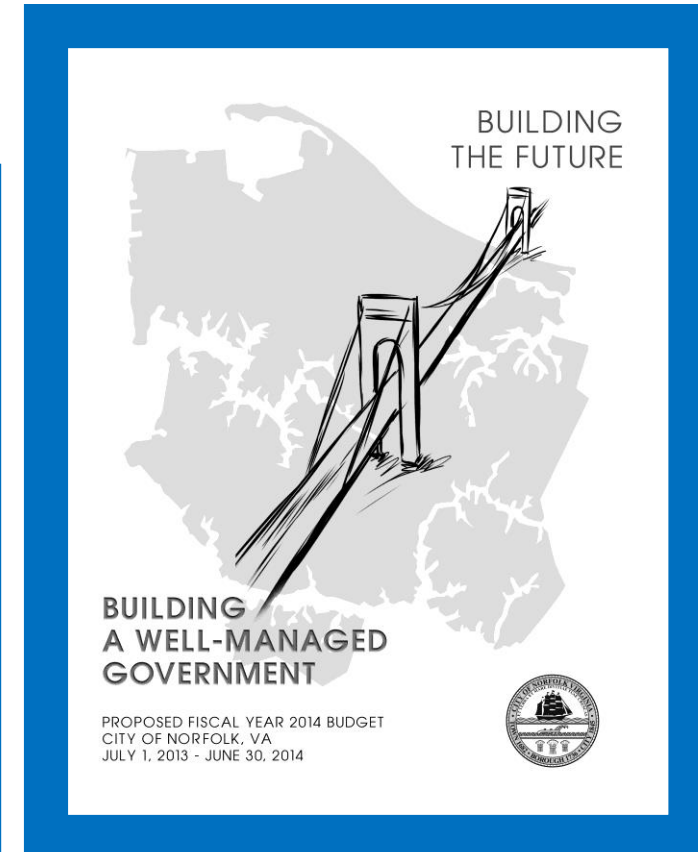
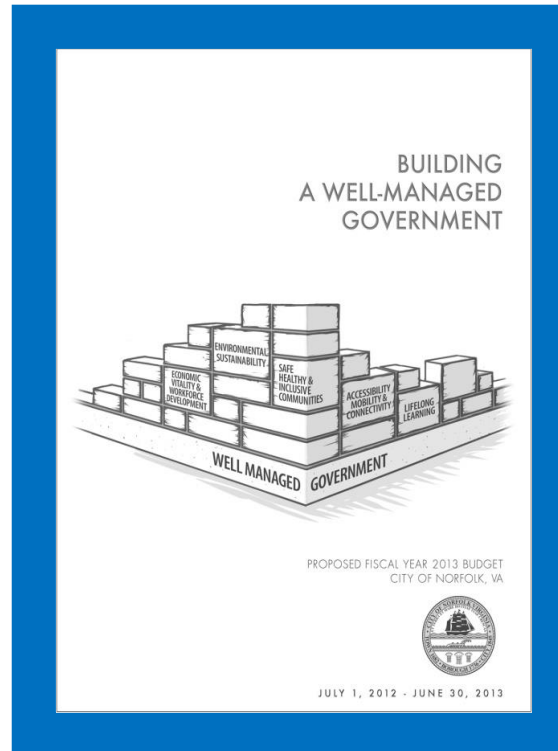
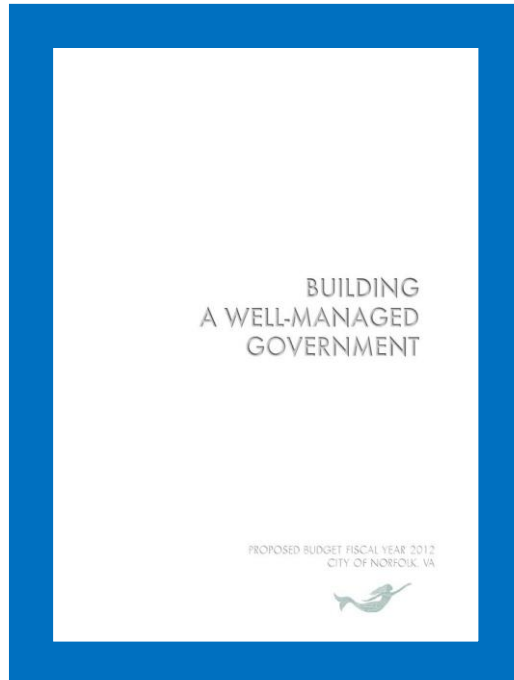
**PROPOSED FISCAL YEAR 2015 BUDGET
CITY OF NORFOLK, VA**

Well-Managed Government – The Foundation



Established, September 2011

Staying Focused on the “Why”

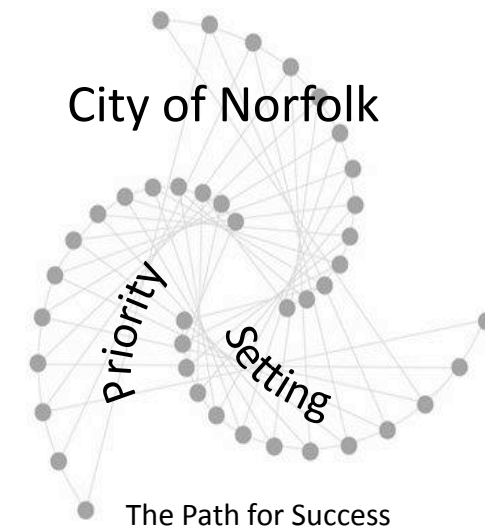


*Norfolk is America's heritage port city where **people are transforming their neighborhoods**, economy, and culture into the most fun and livable waterfront community in the world*

Groundwork for a Well-Managed Government



IMPACT NORFOLK



... and a Resilient City

**STANDARD
& POOR'S**

CREDIT RATING UPGRADE



We are Growing

We are Thriving

We are the Region's Authentic Urban Experience

Population – ↑ 246,392

\$1.3 Billion in Development Projects

**The Financial, Business, Medical, Educational
and Arts and Culture Center of the Region**

Ultimate Goal

The Priority of Well-Managed Government creates a data-driven organization that provides effective and efficient programs and services that are responsive, accountable, inclusive, and customer focused.



Sound Management Strategies



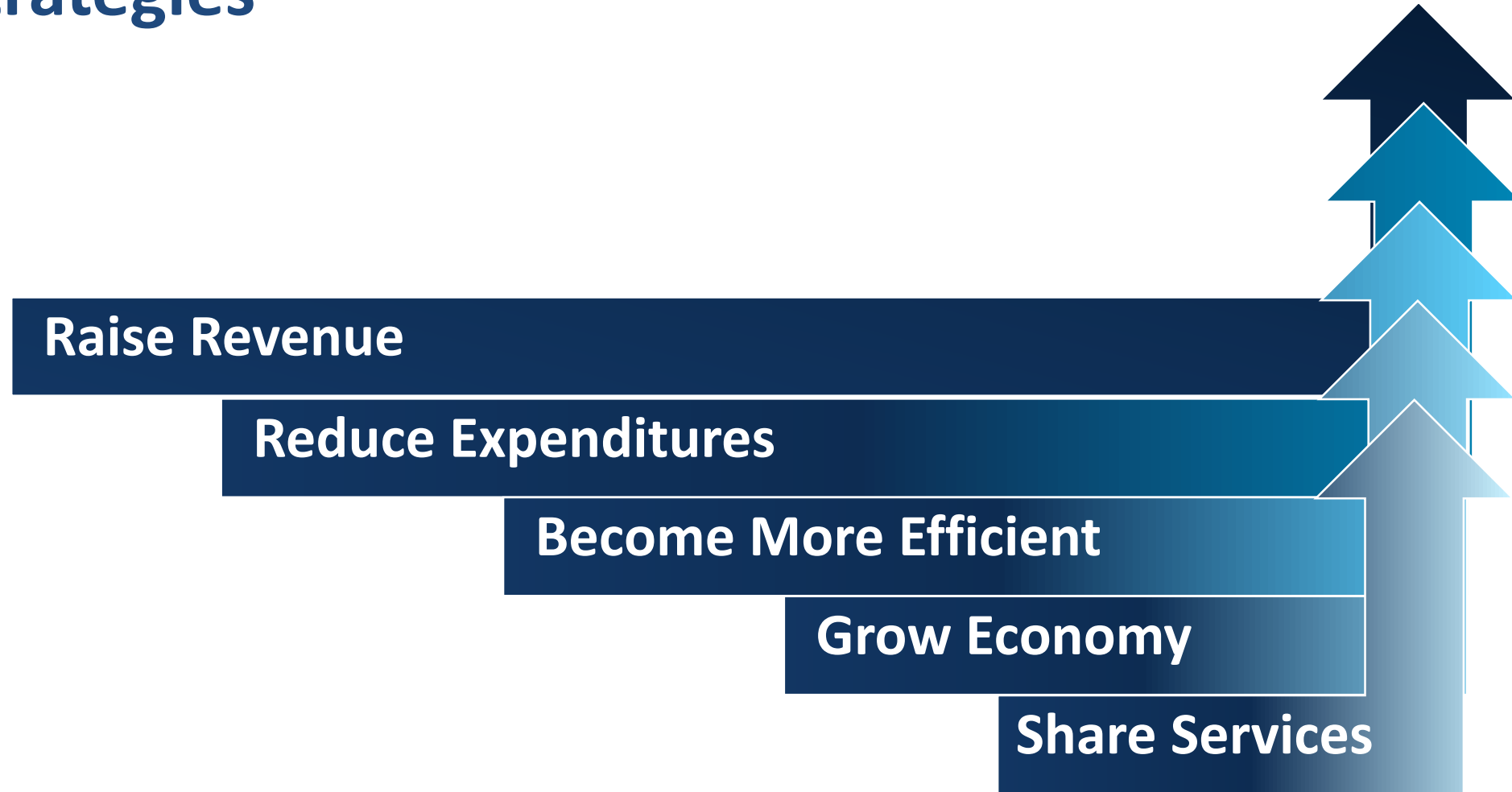
Where We Are Now

FY 2015 and Beyond

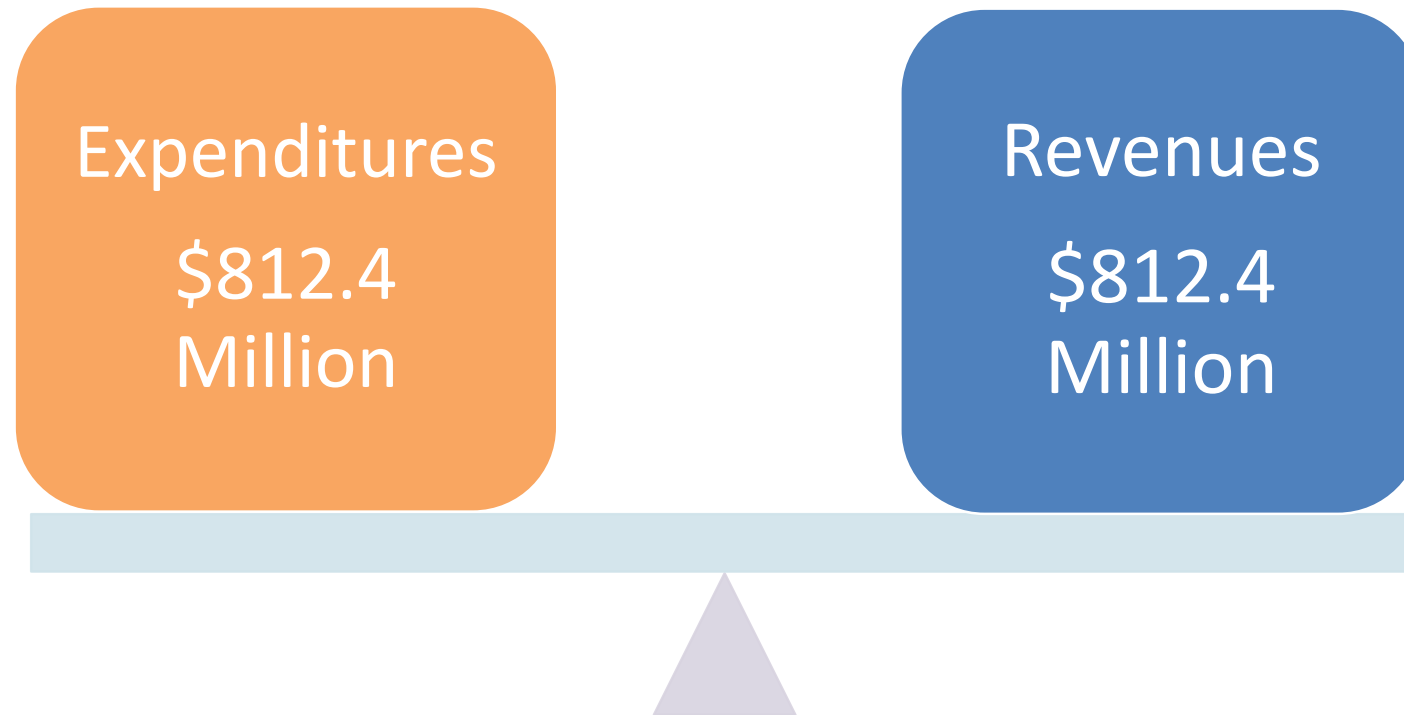
Council direction from September 2013 retreat and January 2014 budget follow up

- ➡ **Well-Managed Government:** Keep financial house in order
- ➡ **Well Management Government:** Begin addressing compensation
- ➡ **Safe, Healthy and Inclusive Communities:** Provide funding for neighborhoods
- ➡ **Lifelong Learning:** Focus on education priorities

Guiding principles to balance the budget similar to past strategies

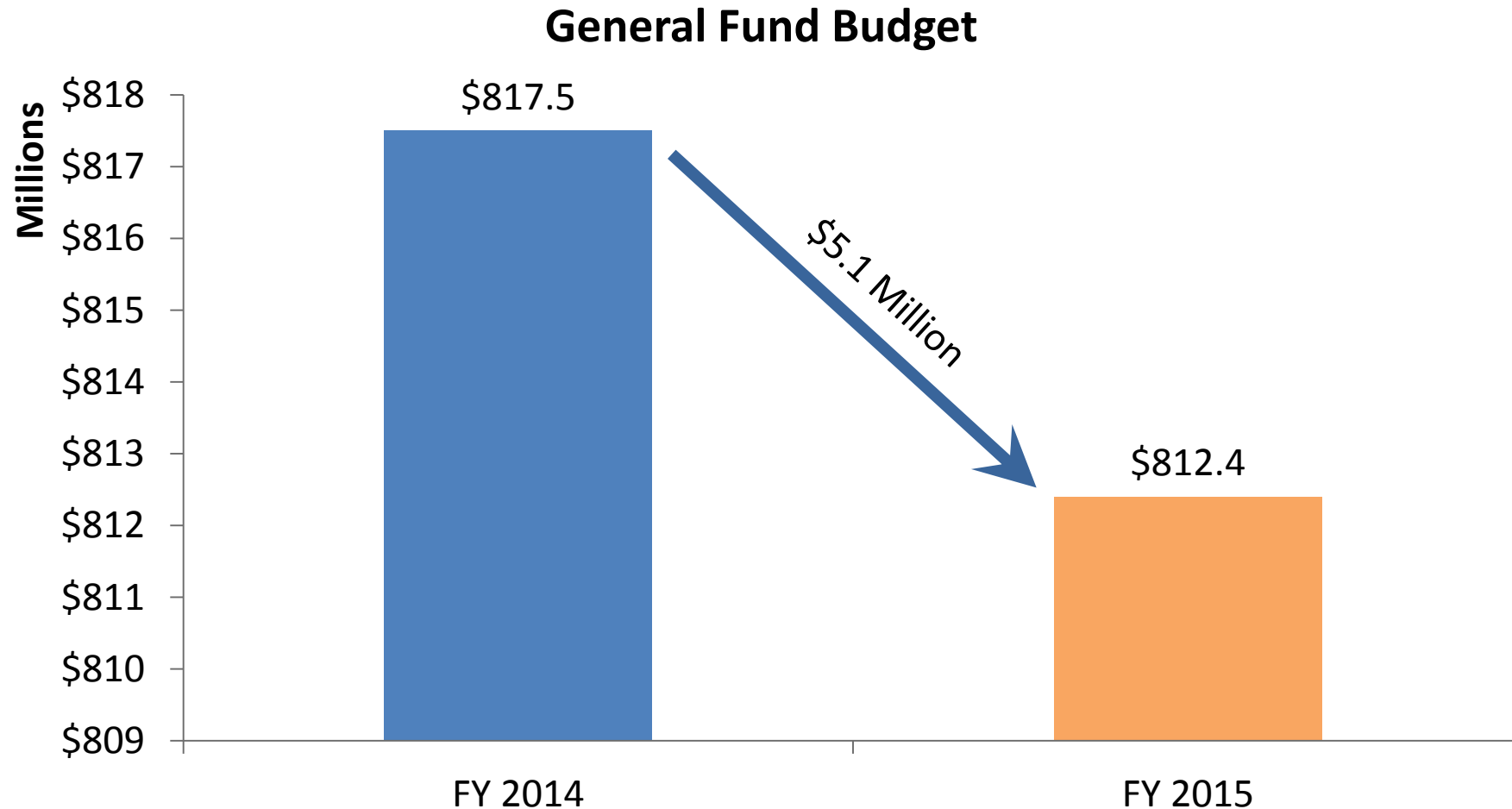


Proposed FY 2015 Budget is Structurally Balanced



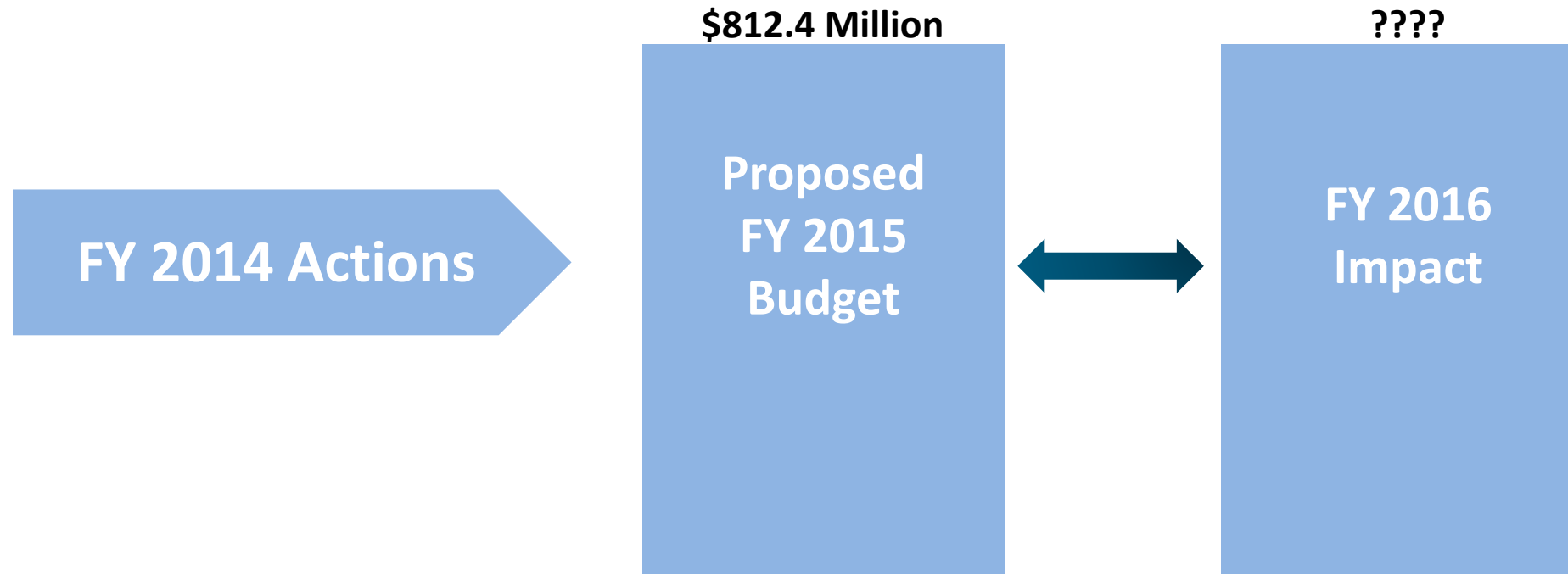
FY 2015 Proposed Budget

Proposed FY 2015 Budget is \$5.1 Million less than the FY 2014 Approved Budget



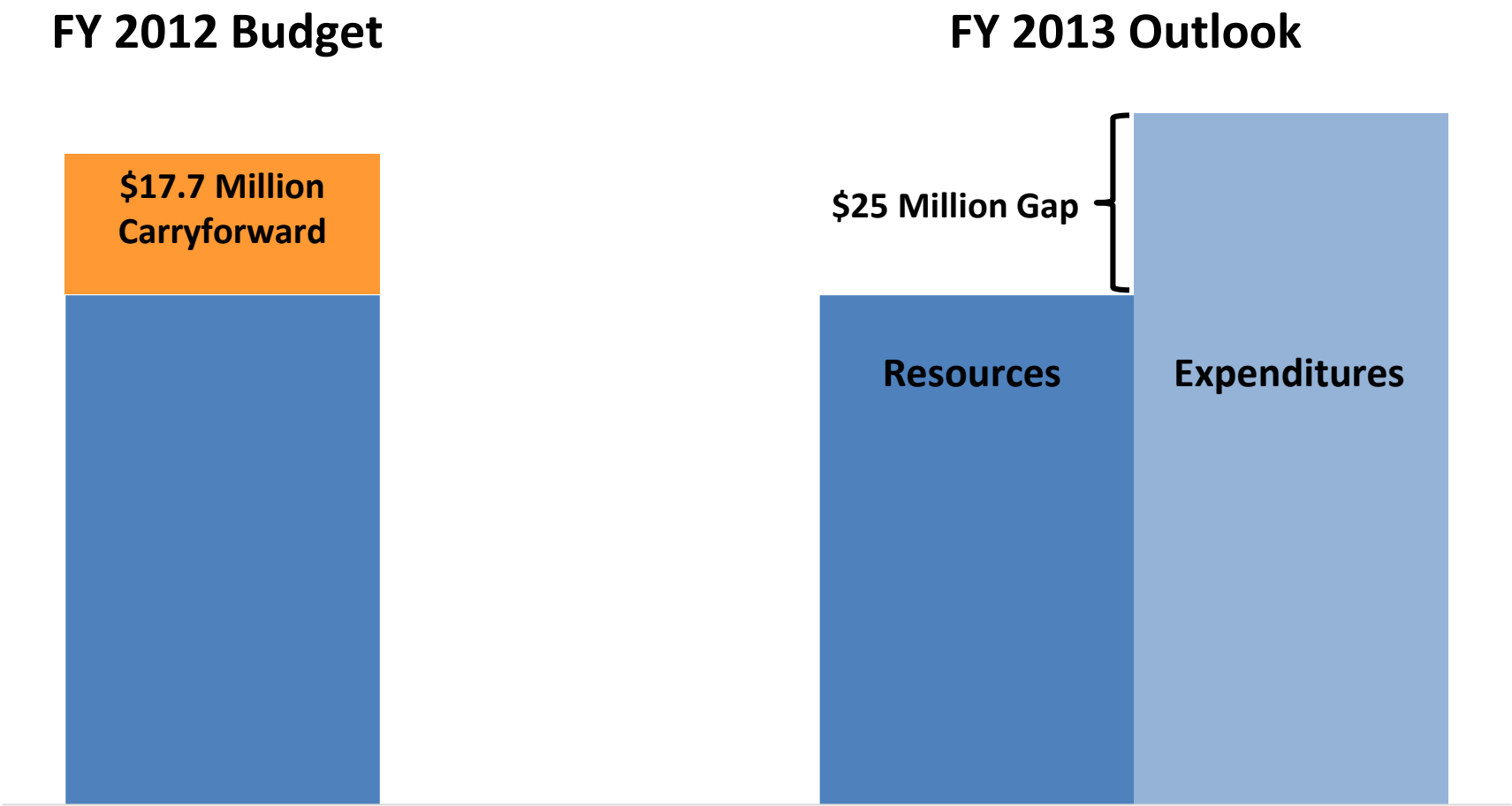
Guiding principles to balance the budget

We began the process of viewing the budget development process through a two-year lens

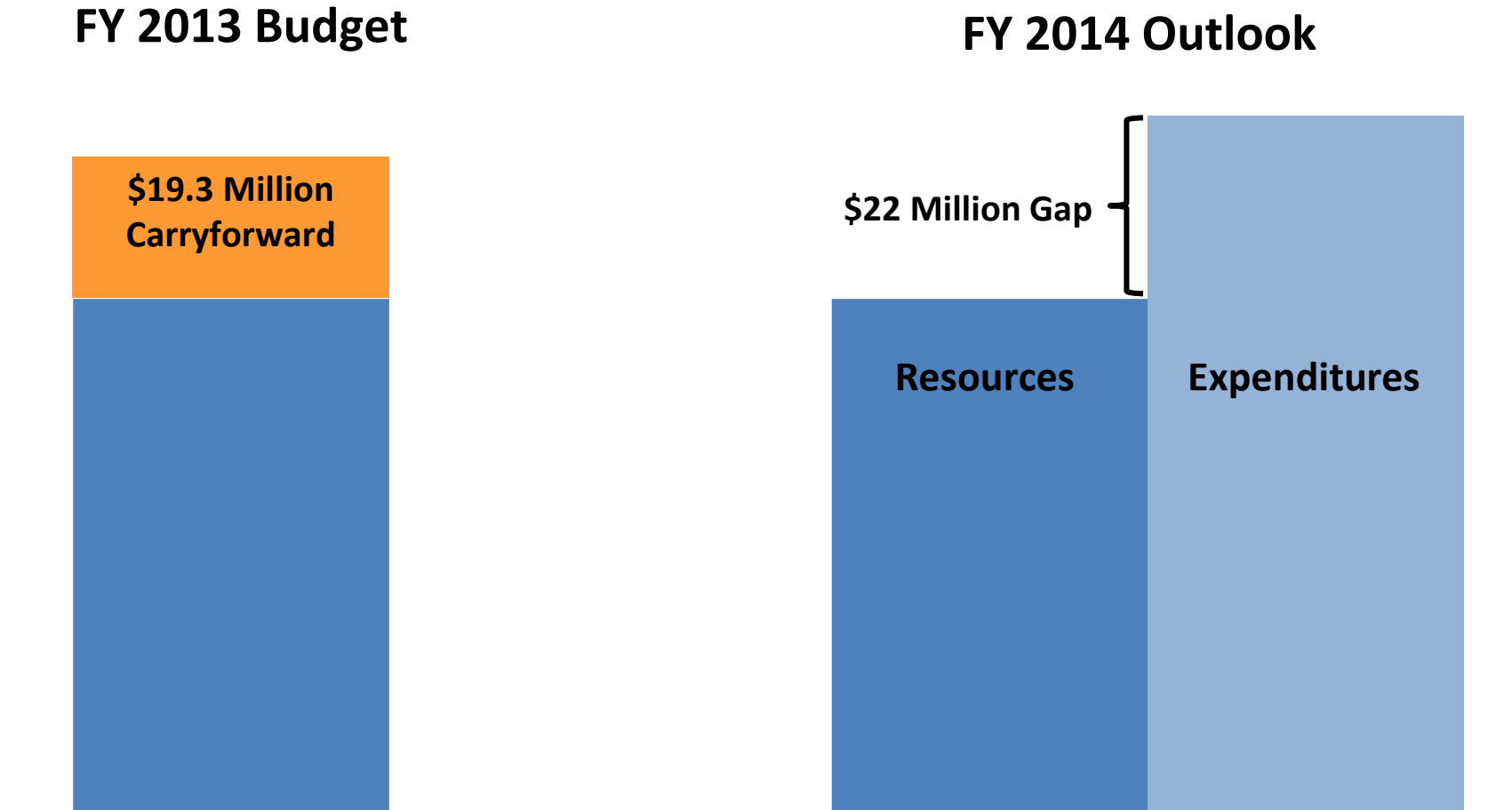


“...taking the guesswork out of the second year of the biennium”

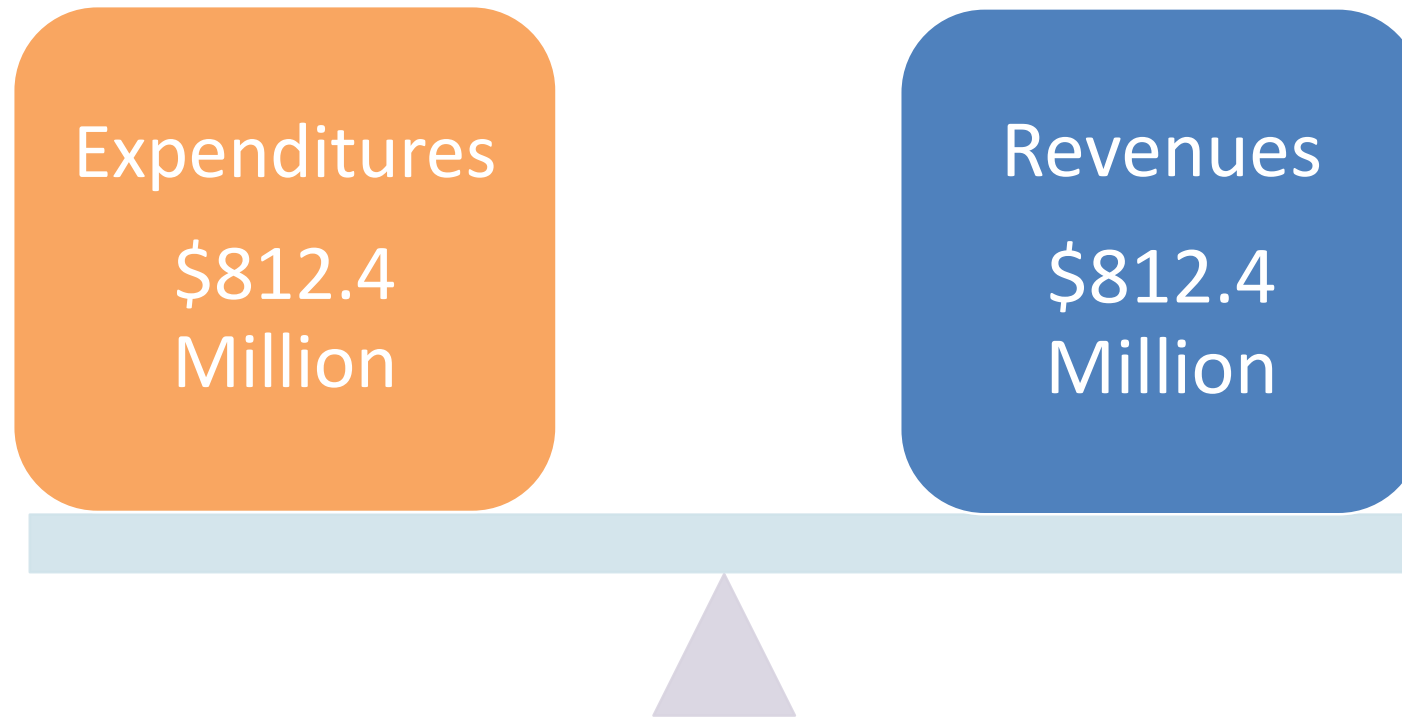
Past Practices Created Future Instability



Past Practices Created Future Instability



Structurally Balanced Budget and two-year lens help create future stability

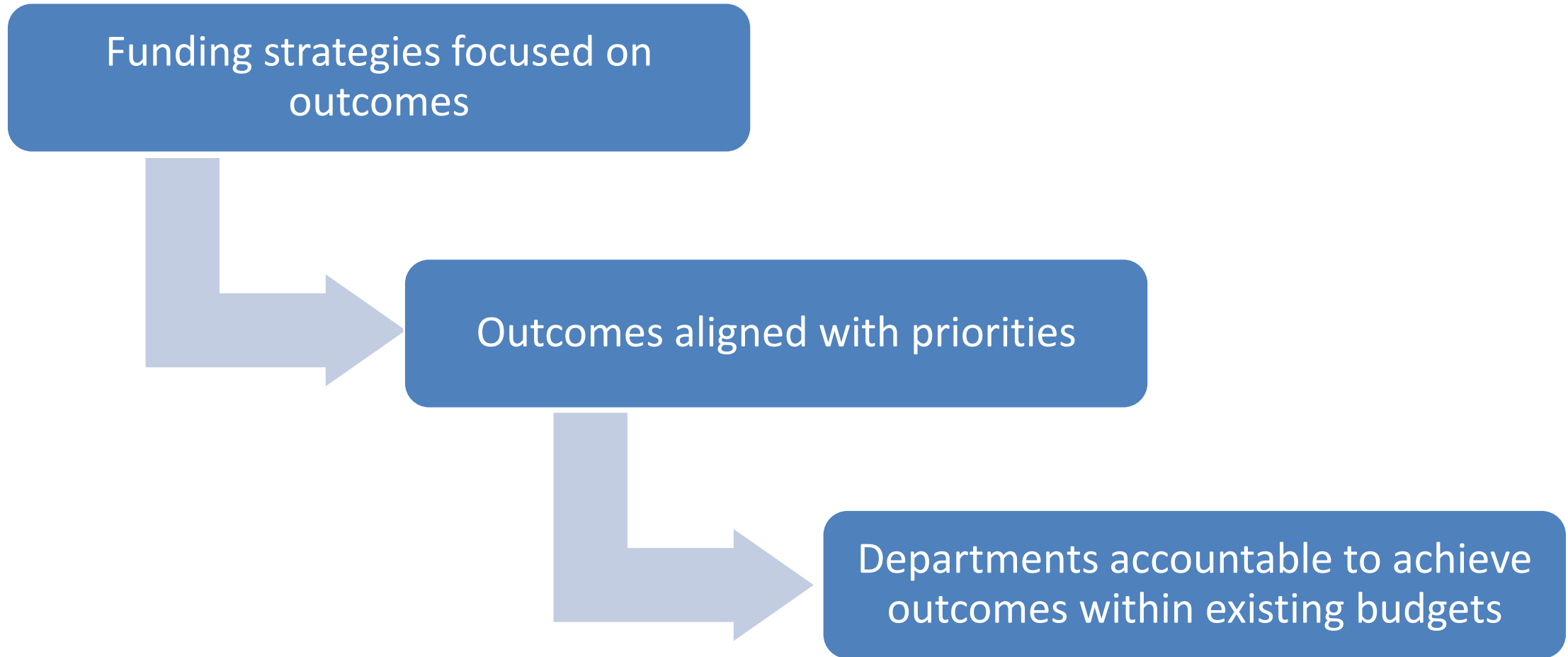


Proposed FY 2015 Budget

Guiding Principles for the Proposed FY 2015 Budget

- Begin addressing concerns outlined by City Council
- Eliminate structural imbalance
- Centralize internal functions to strengthen core operations and provide enhanced services
- Eliminate redundancies to create efficiency
- Consolidate funding streams

We Fund Results



We Have Hit the Reset Button



Resources are properly aligned




Focus on core
missions

Programs and
services are
measurable

Departments are
accountable for
results

We have established a new base from which we can build the future

Major Budget Balancing Strategies – Cost Containment

 Step 1 – Level funded budgets in FY 2015	(\$3.7 Million)
 Step 2 – Reduced most department budgets by one percent	(\$3.2 Million)
 Step 3 – Captured retirement savings and restructured debt service payments	(\$7.5 Million)

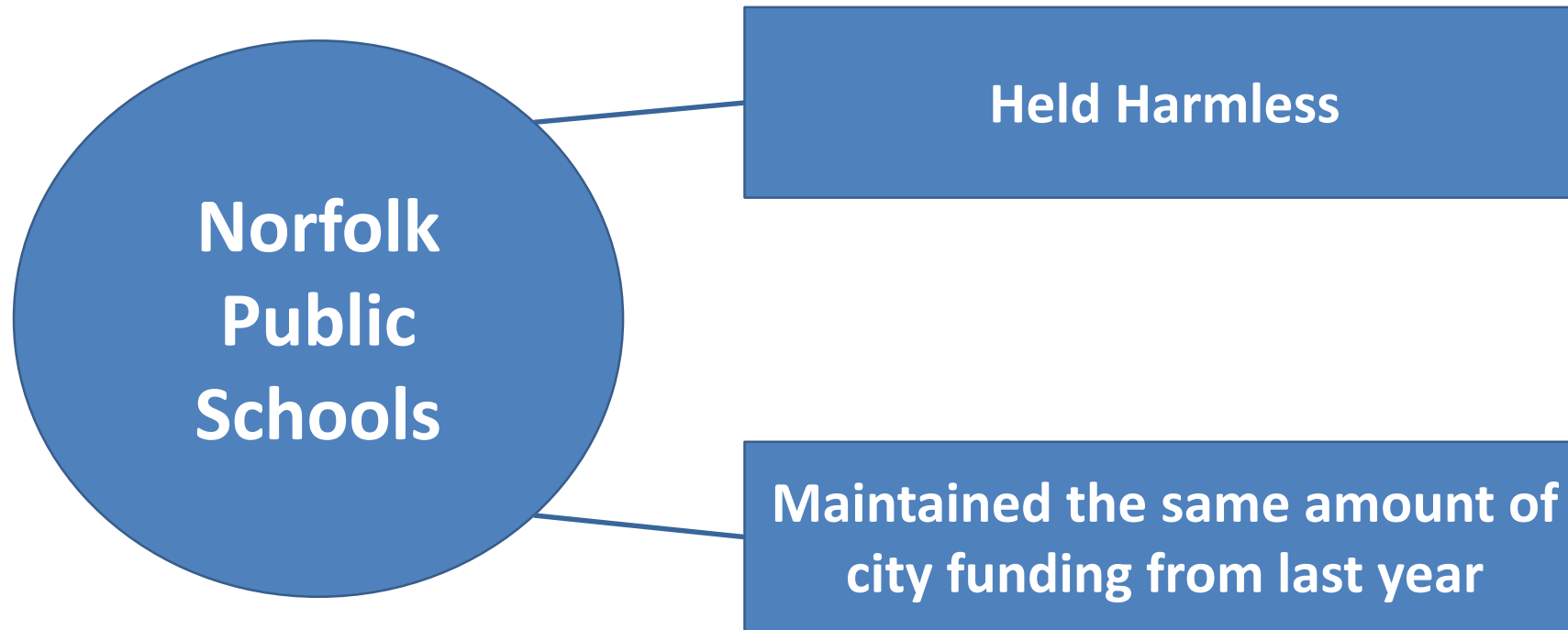
Total Cost Containment

**\$14.4
Million**

Some Departments Received Partial Exemptions from these Strategies

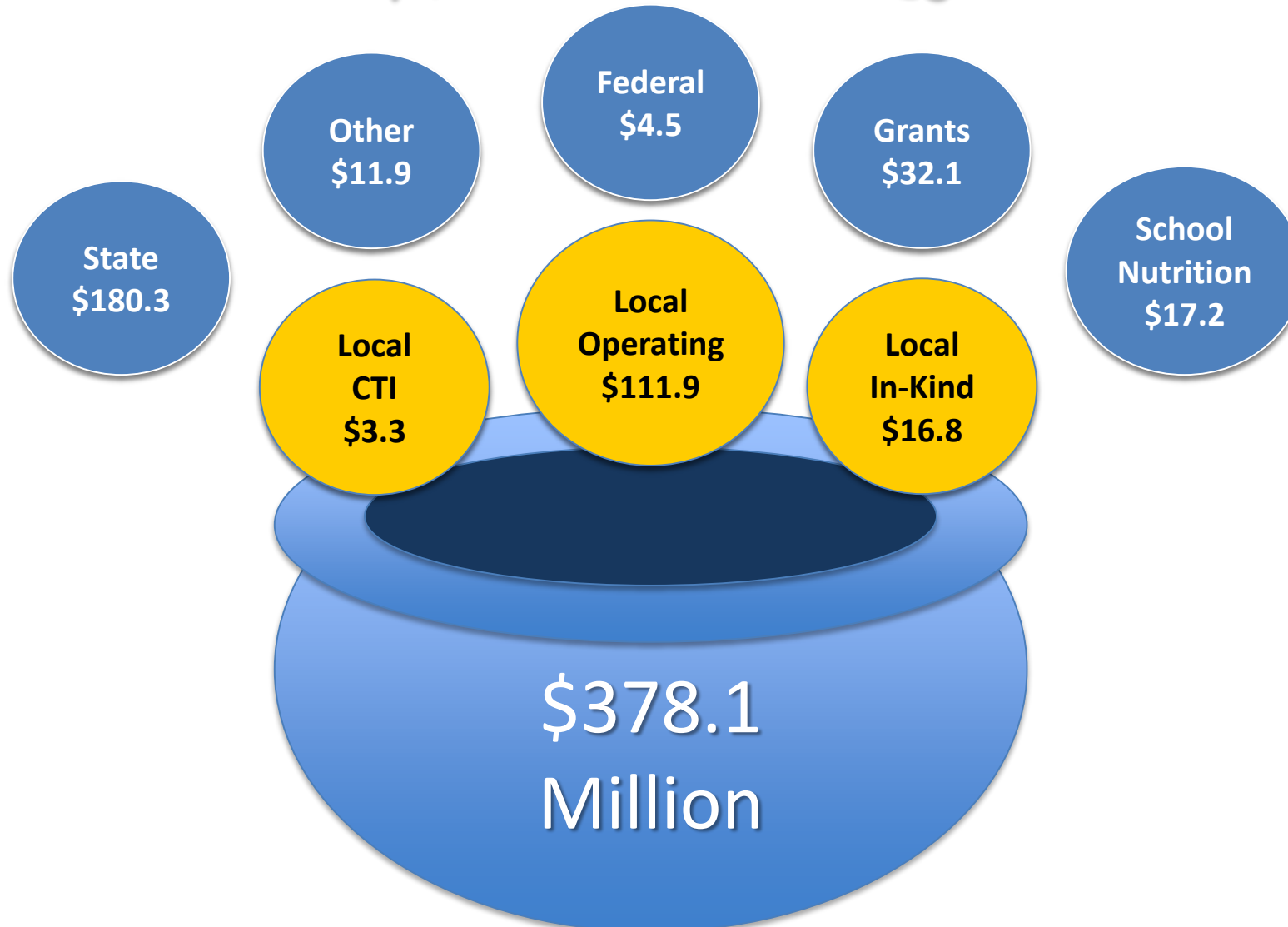


Norfolk Public Schools Received a Total Exemption from these Strategies



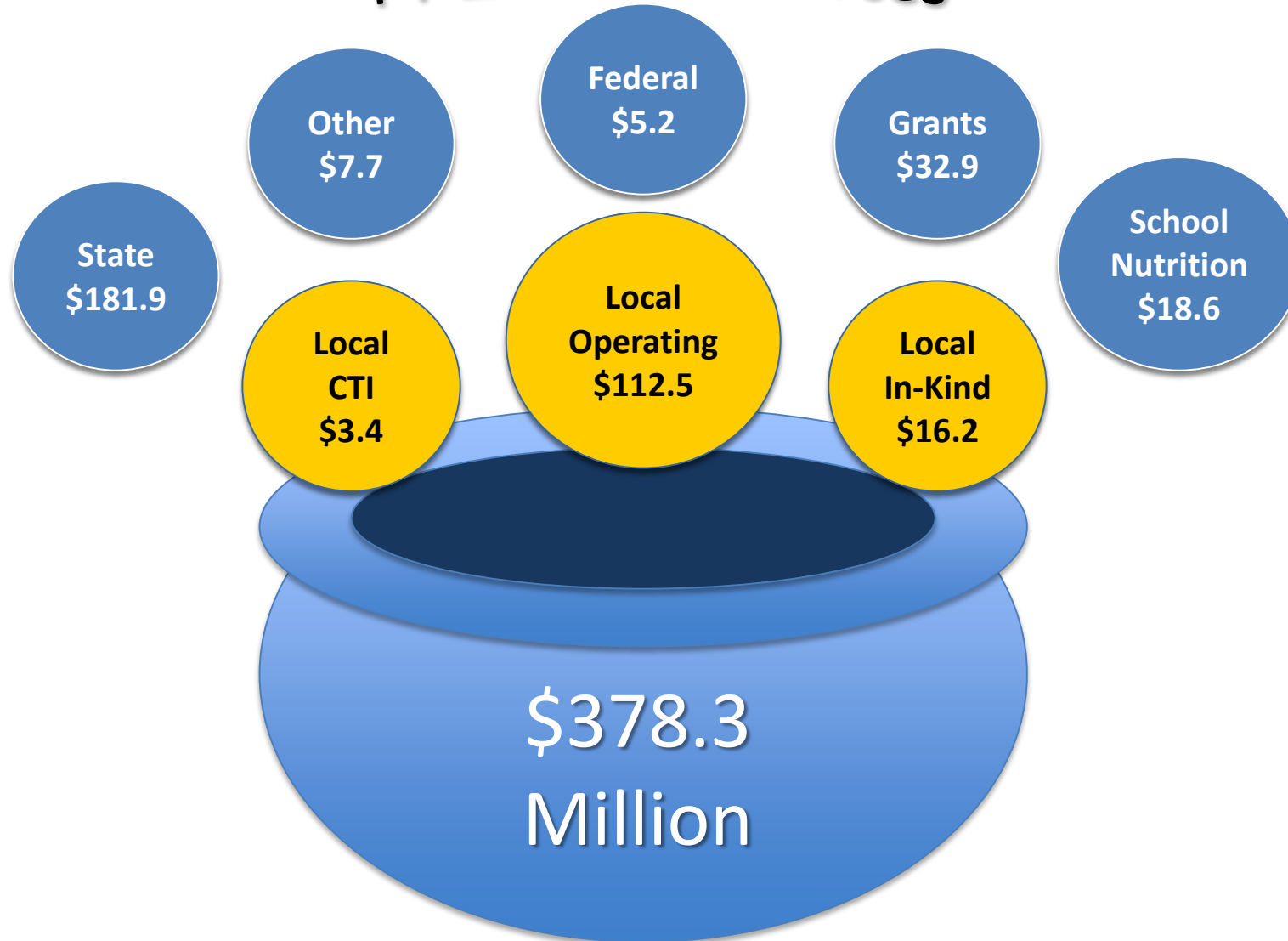
The City's Commitment to Norfolk Public Schools

FY 2014 Resources



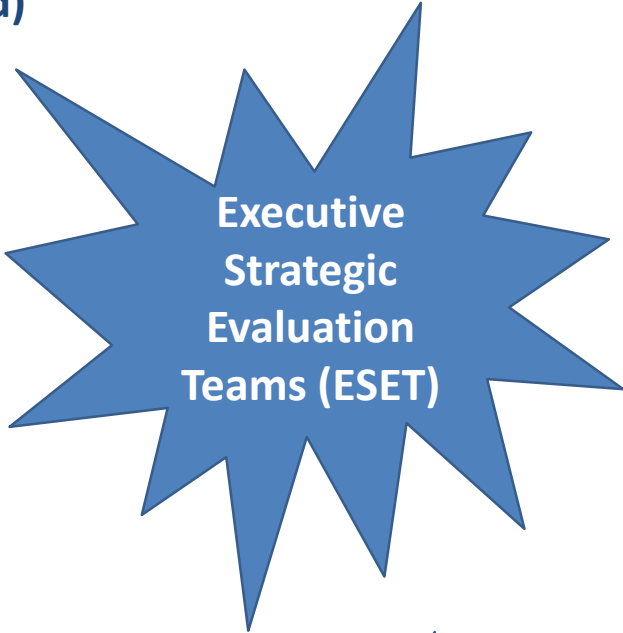
The City's Commitment to Norfolk Public Schools

FY 2015 Resources




Major Budget Balancing Strategies (Continued)

- **Consolidate or centralize core functions**
 - Eliminates 53 positions and a savings of \$1.7 Million
 - Maintains or improves services
- **Align fees and charges to fully recover costs**
 - Modest fee increase eliminates the General Fund support for Waste Management services
 - Establish a reliable plan for vehicle replacement
 - ❖ Increase capacity for the purchase of other city vehicles and technology
 - General Fund cost recovery of \$1.2 Million in FY 2015
 - ❖ Avoids General Fund debt service costs in future



Executive
Strategic
Evaluation
Teams (ESET)



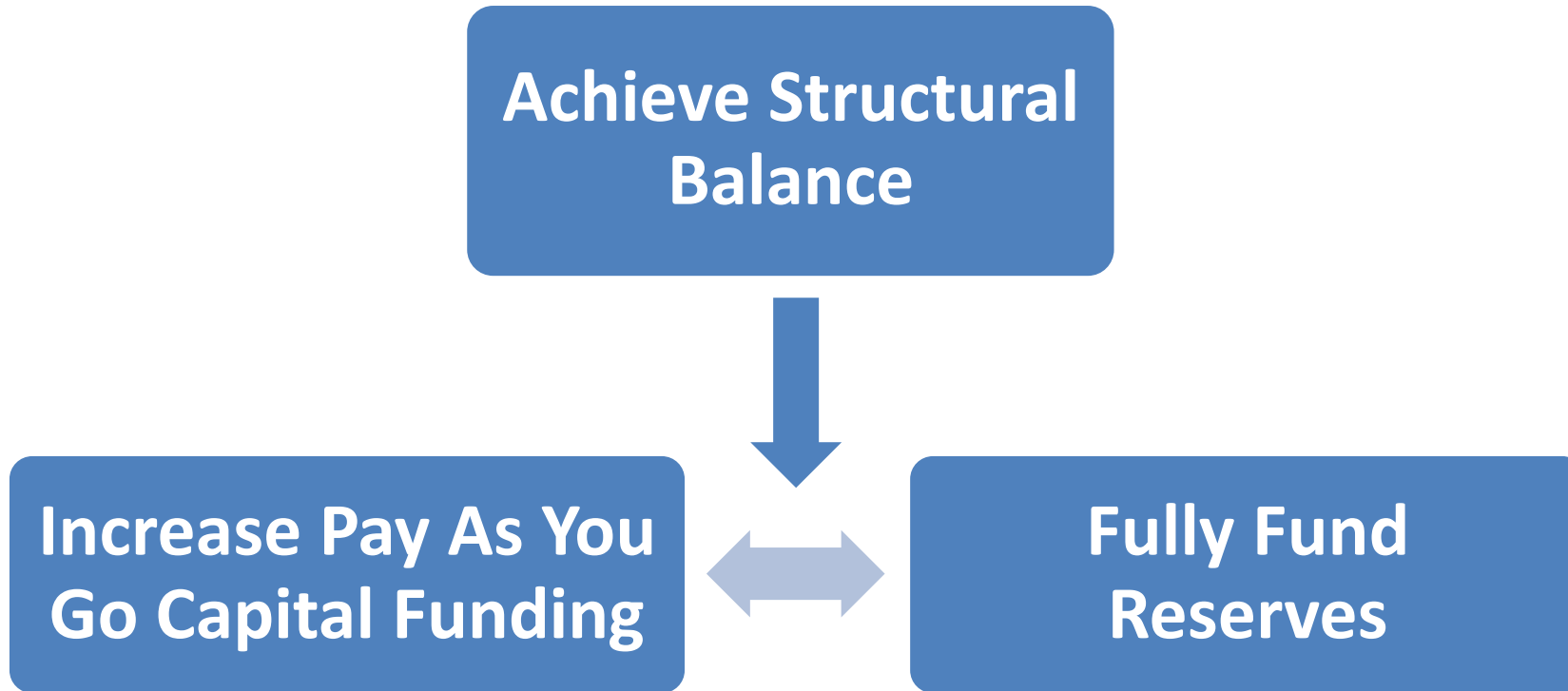
Strategic
Workforce
Analysis
Teams (SWAT)

Well-Managed Government

The Priority of Well-Managed Government creates a data-driven organization that provides effective and efficient programs and services that are responsive, accountable, inclusive, and customer focused.



Financial Policies (Council adopted July 2013)



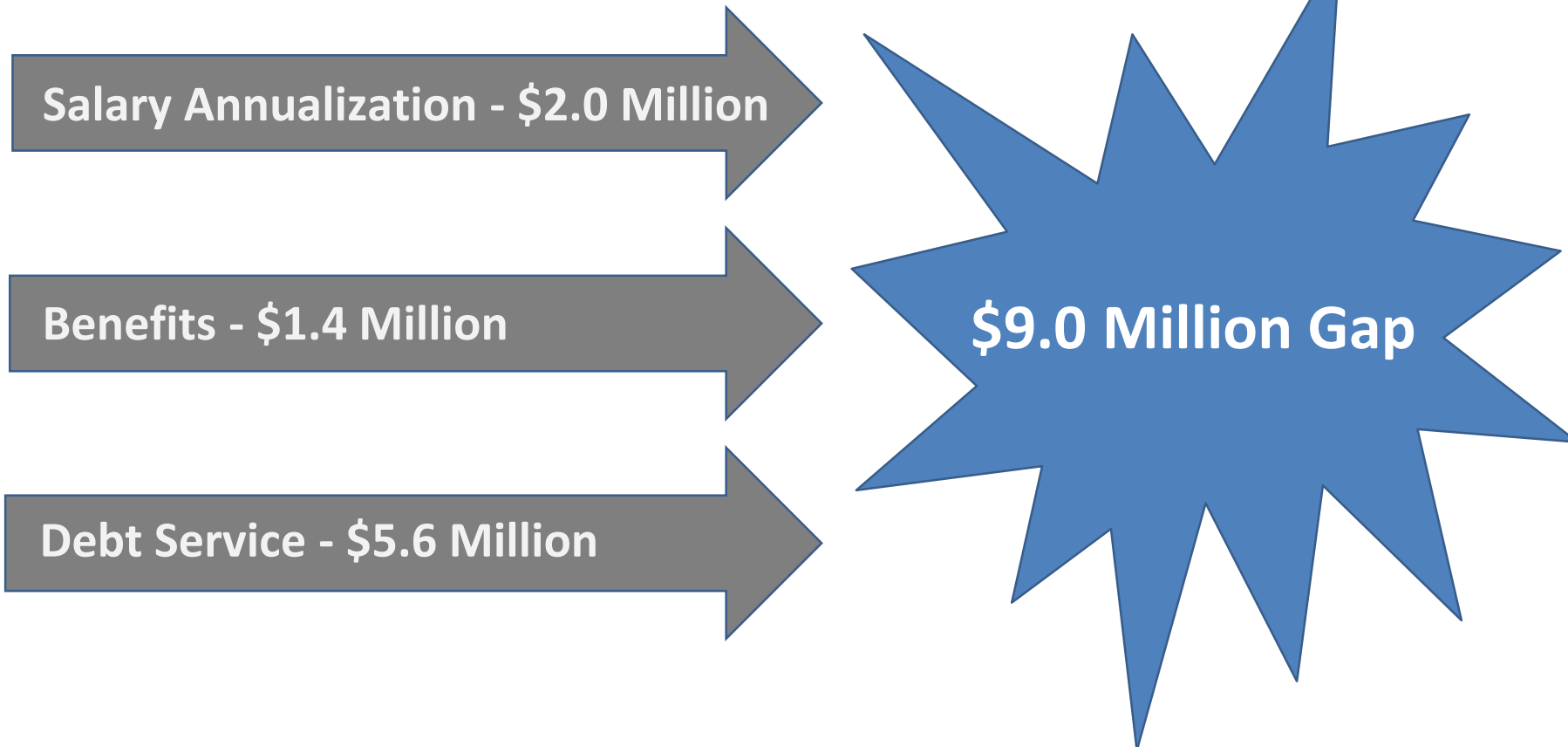
Well-Managed Government - Reserve Funding

Reserve	Minimum FY 2014	Projected FY 2014
"Five Percent Reserve"	\$40,875,040	\$42,332,591
Risk Management Reserve	\$3 - \$5 Million	\$3 Million
Economic Downturn Reserve	\$3 - \$5 Million	\$3 Million

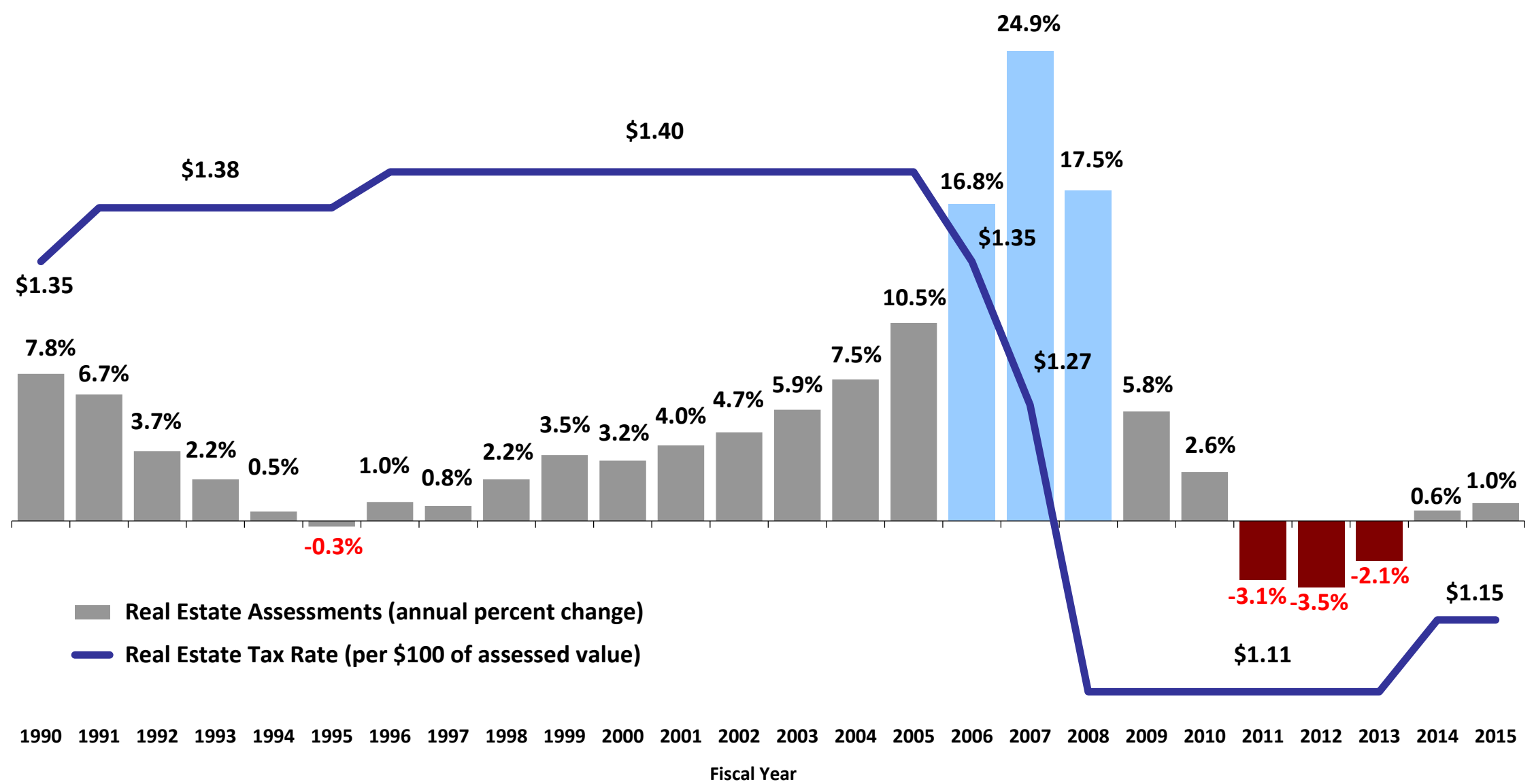
FY 2016 Start Point

FY 2016...not without challenges

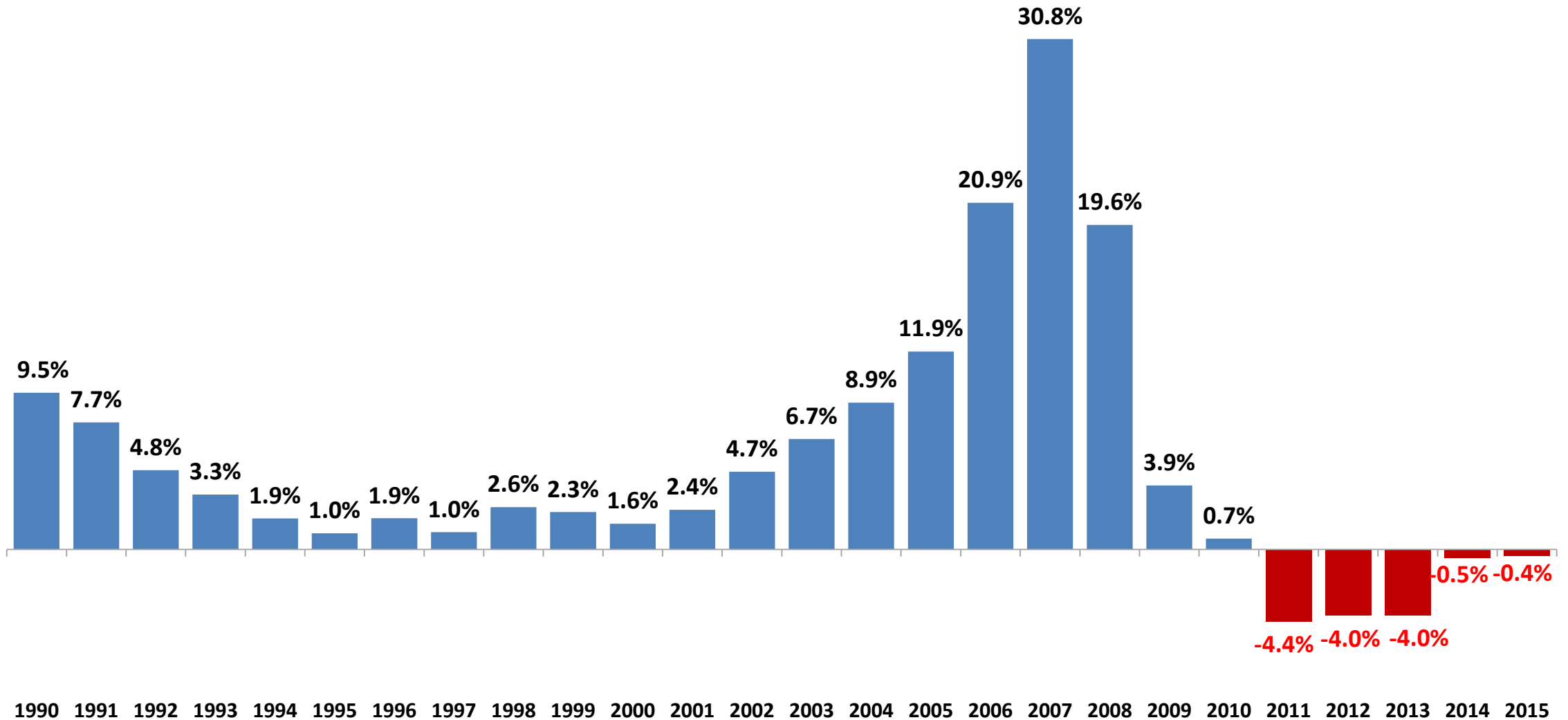
FY 2016 Budget Drivers



Growth in Overall Real Estate Assessments

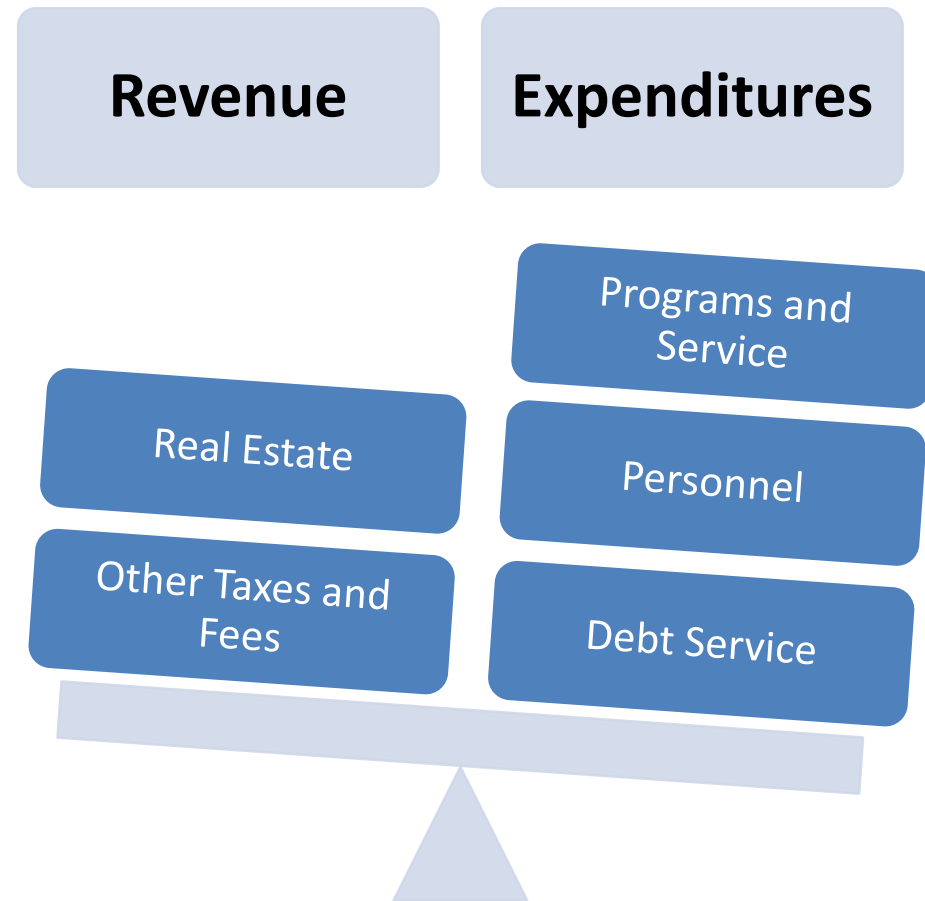


Decline in Residential Assessments Remains a Challenge



Revenue Sustainability

Available revenue not matching expenditures

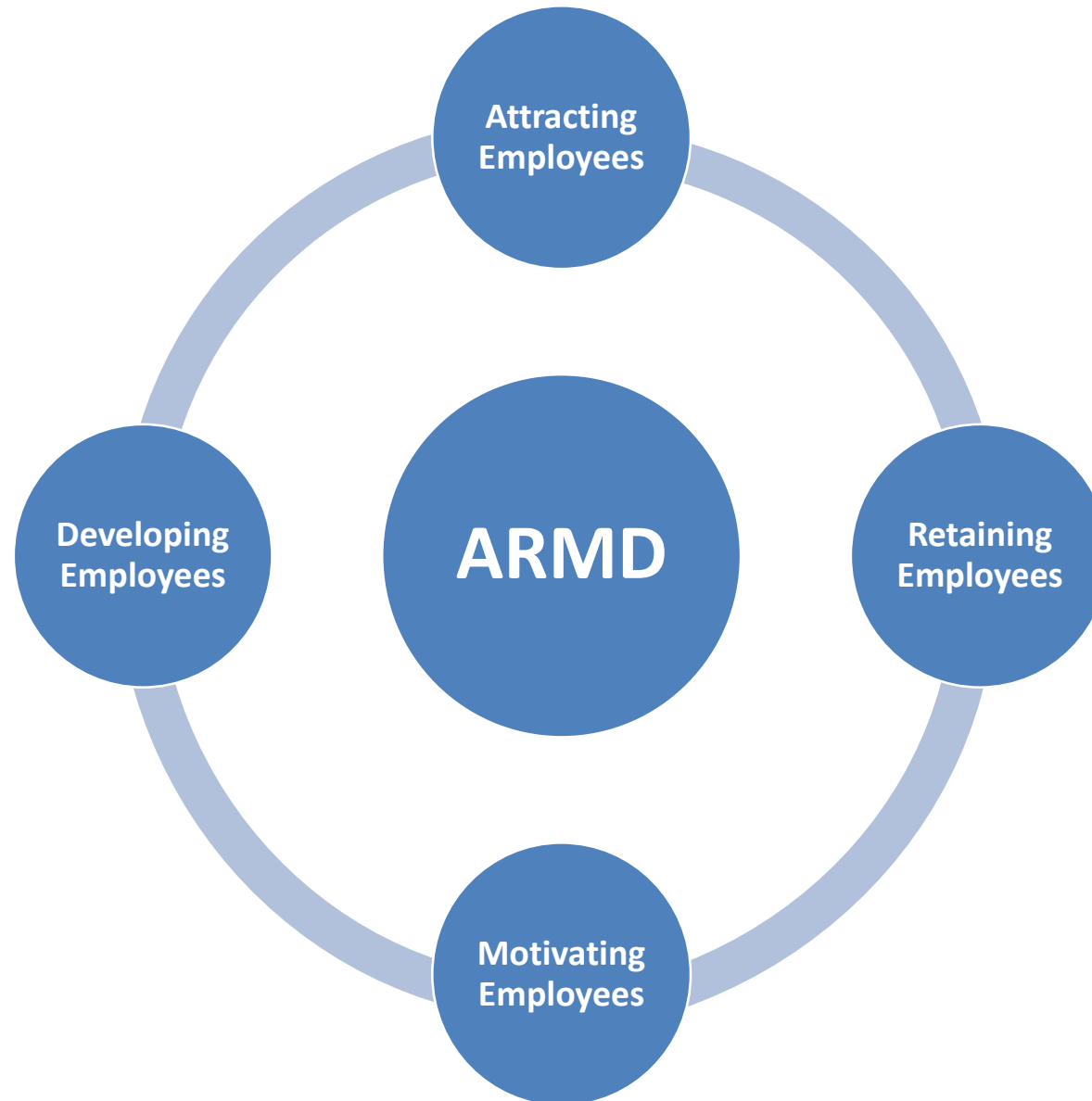


The Possibility.....

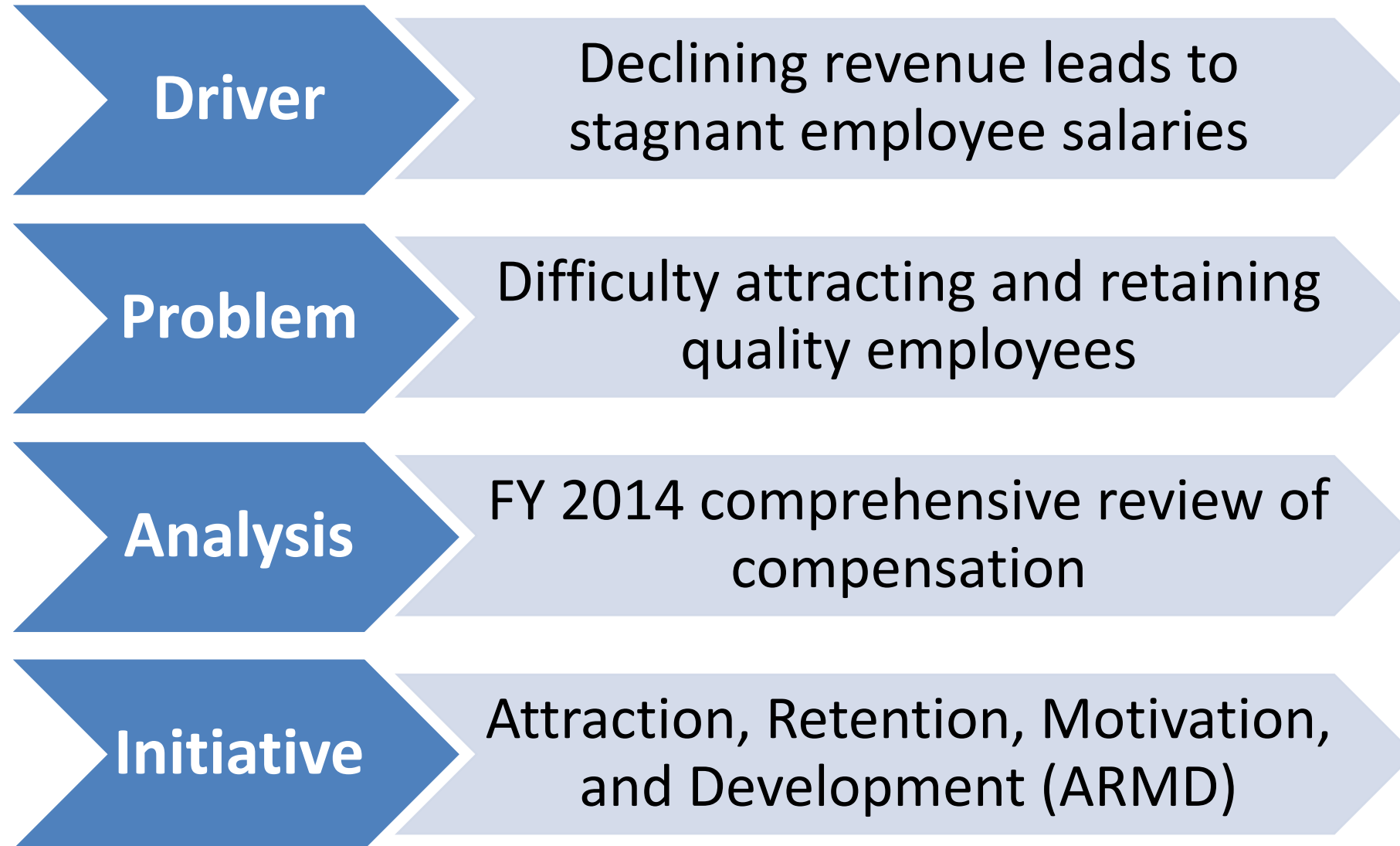
Sustainable revenue growth policy is needed to support current or expanded programs and services



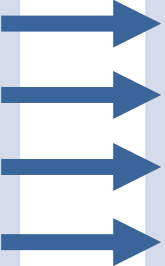
Well-Managed Government – Compensation Reform



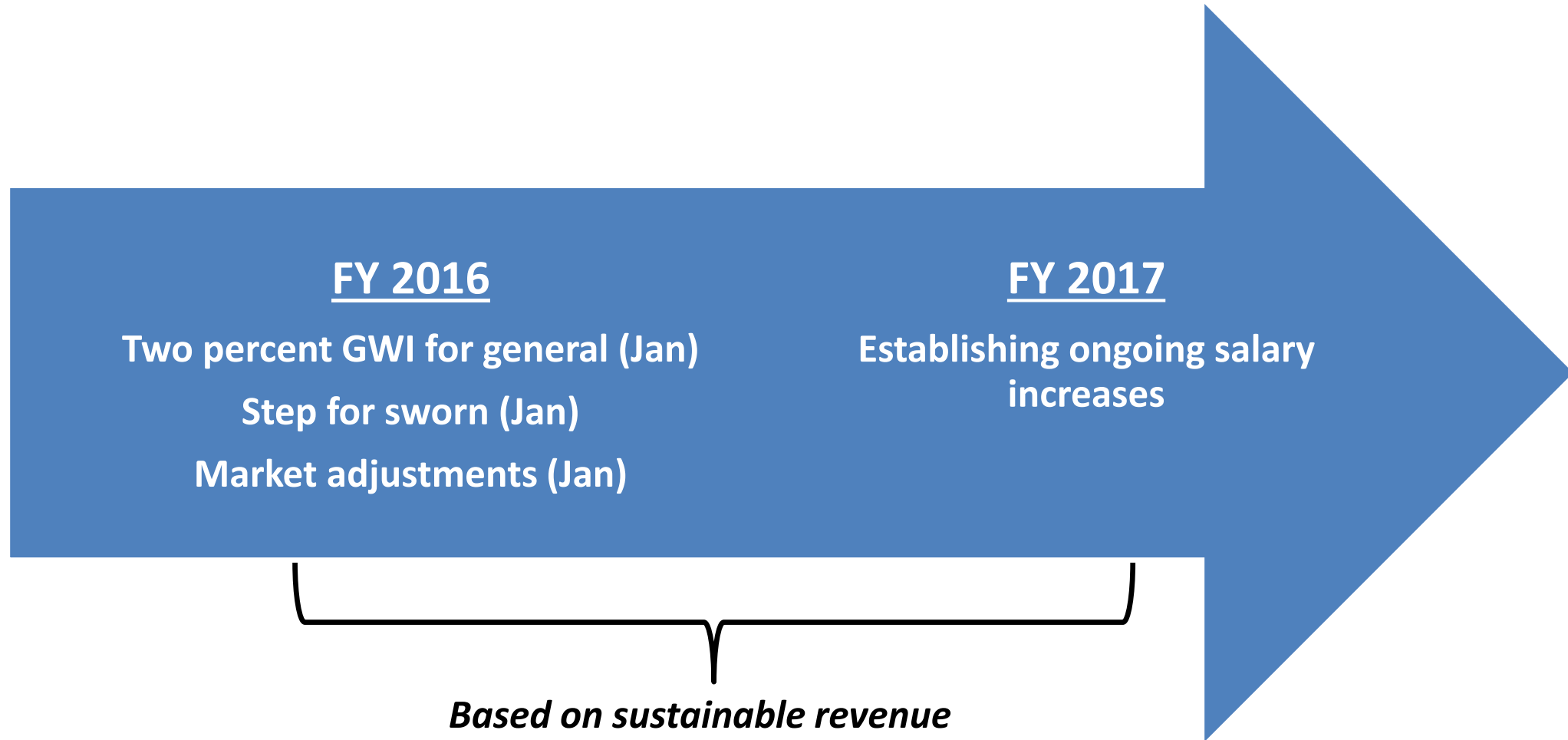
Path to the ARMD Initiative



Accelerated ARMD Plan for FY 2015

Original FY 2015 Plan		Proposed FY 2015 Plan
<ul style="list-style-type: none">• Living wage adjustments• Market adjustments• Five and Five Conversion• DROP for sworn officers		<ul style="list-style-type: none">• Living wage adjustments• Market adjustments• Five and Five Conversion• DROP for sworn officers• January two percent GWI for general and Constitutional Officer employees• January step for sworn police and fire

Path Forward for ARMD

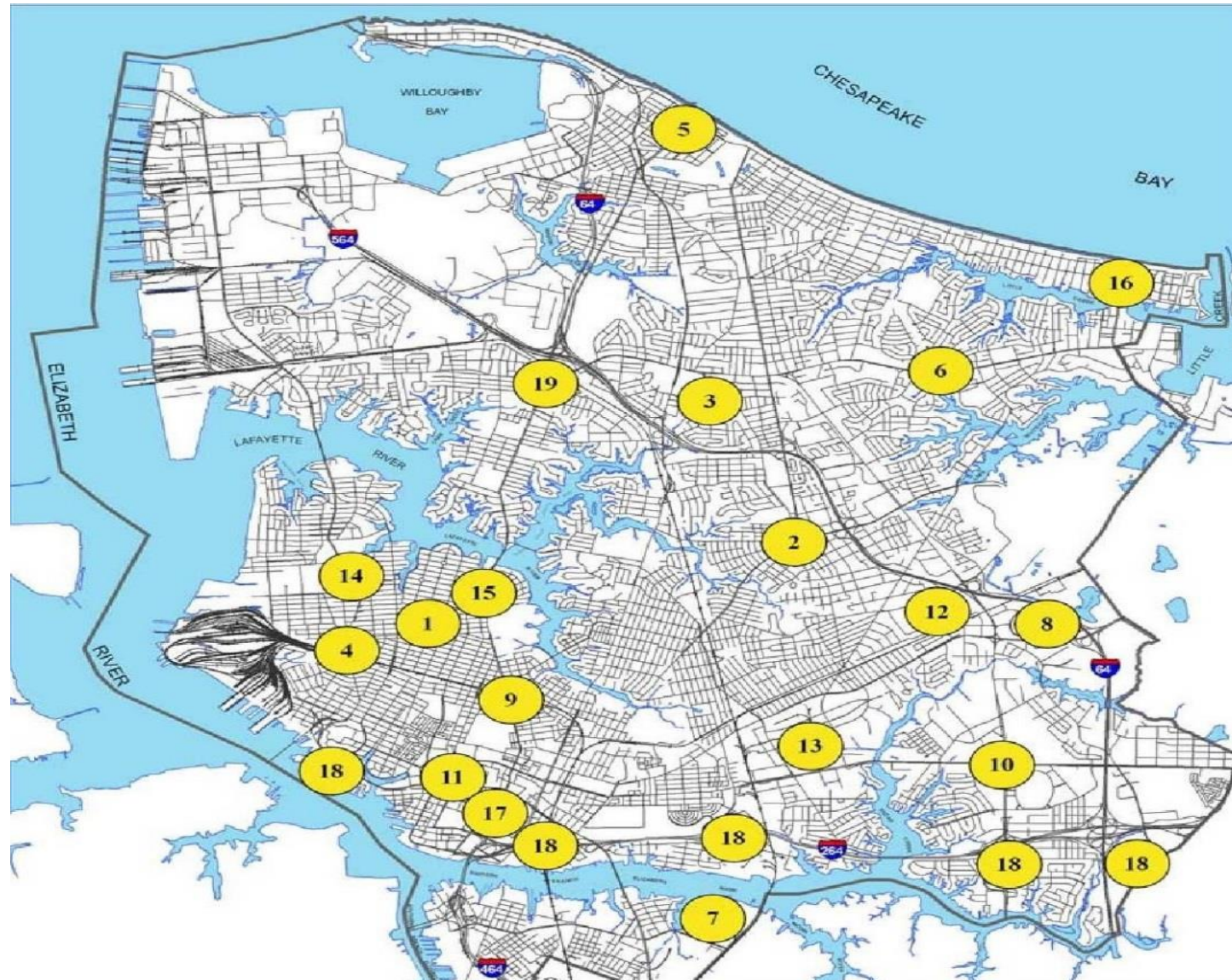


Safe, Healthy and Inclusive Communities

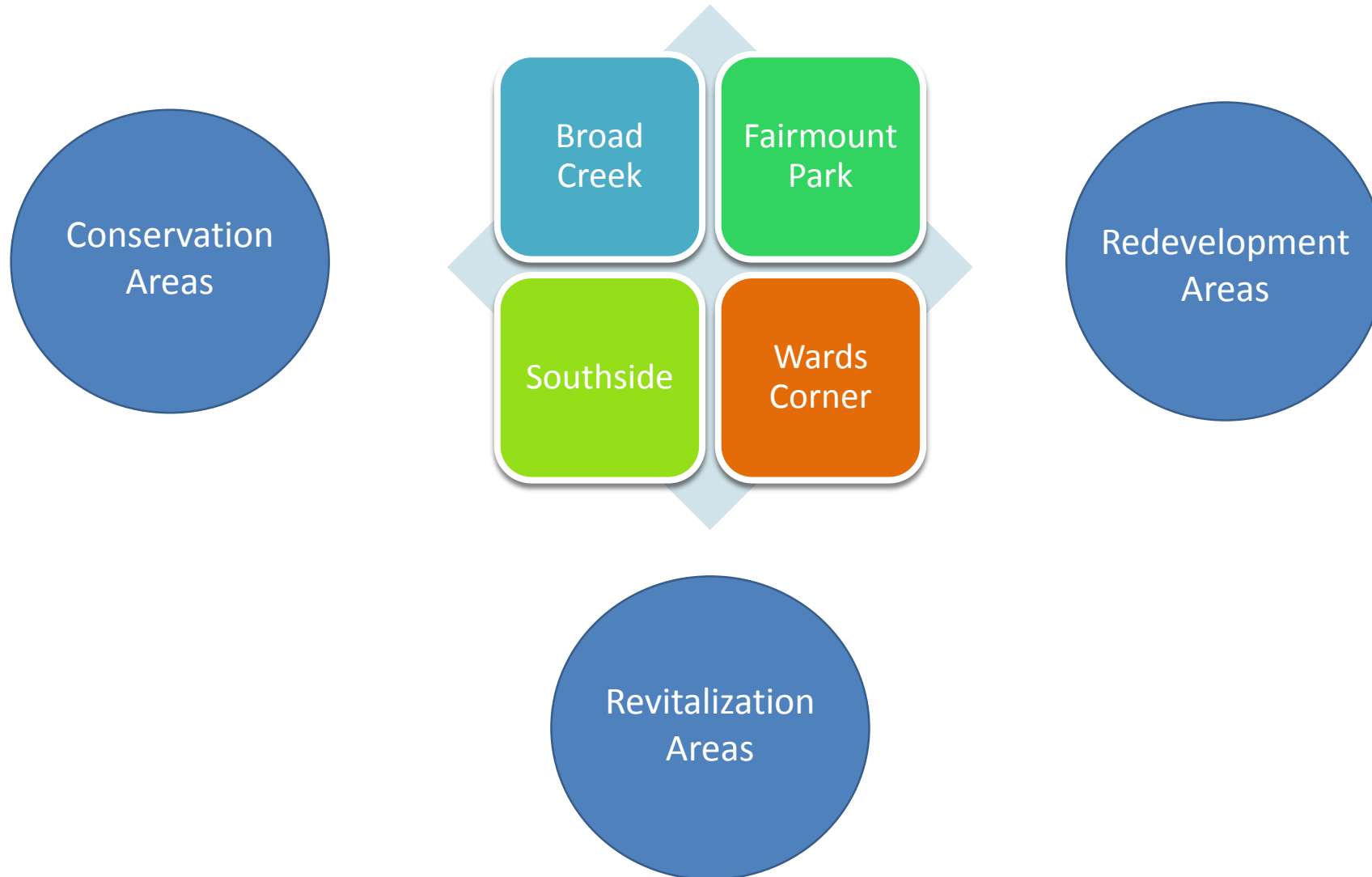
*The priority of **Safe, Healthy and Inclusive Communities** is to ensure residents of diverse backgrounds and interests feel encouraged and empowered to assist in the development of safe and healthy neighborhoods thereby fostering a culture of leadership, pride and well-being that advances Norfolk's brand as a desirable and enjoyable place to live, learn, work and play.*



Strategic Economic Development Areas



Neighborhood Plan, Conservation, Redevelopment and Revitalization Areas



Our Vision

We believe we can look at
Neighborhoods through a different lens



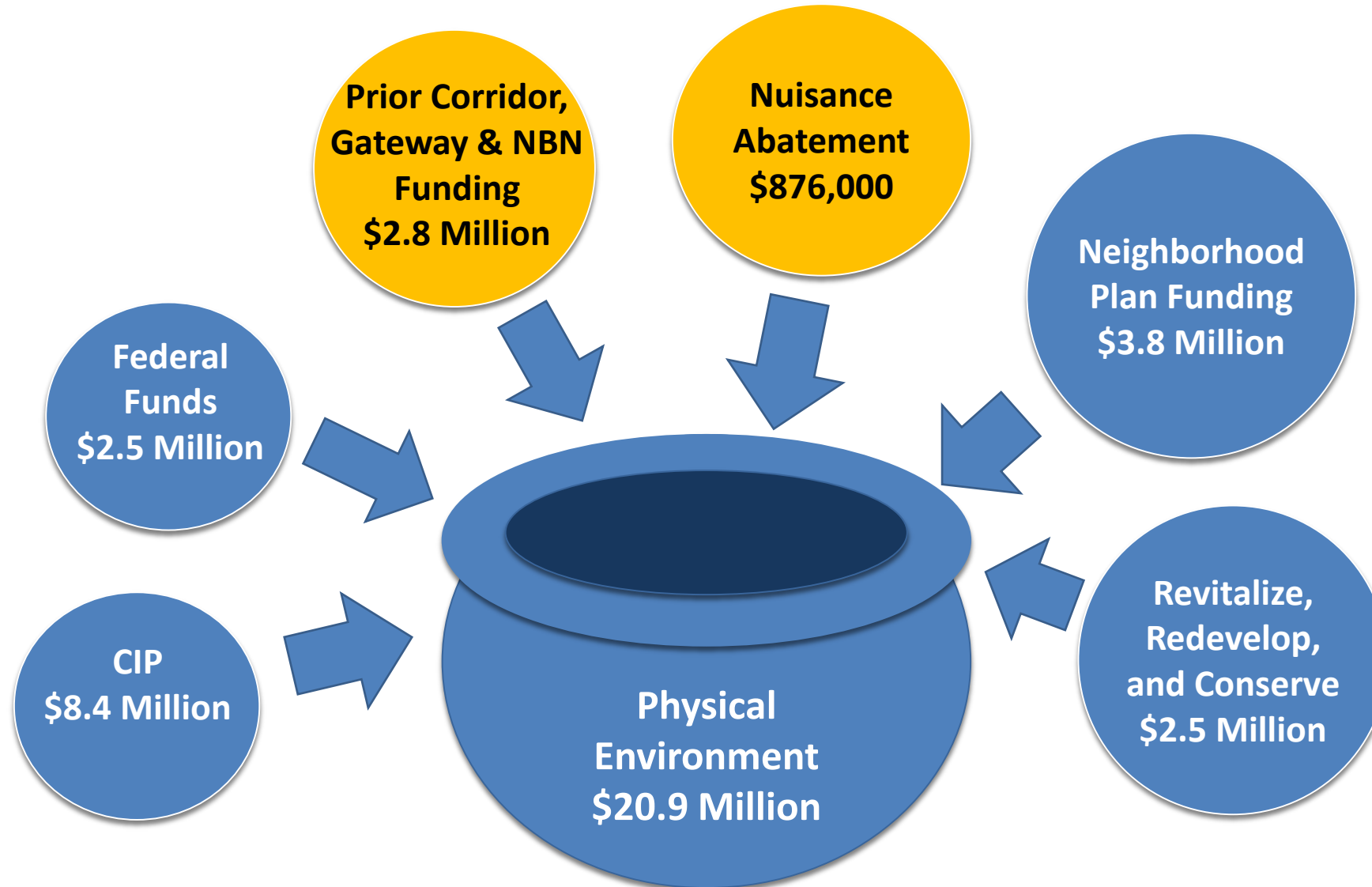
Vision: Create an Environment Where People can Transform their Neighborhood

All neighborhood initiatives under one umbrella

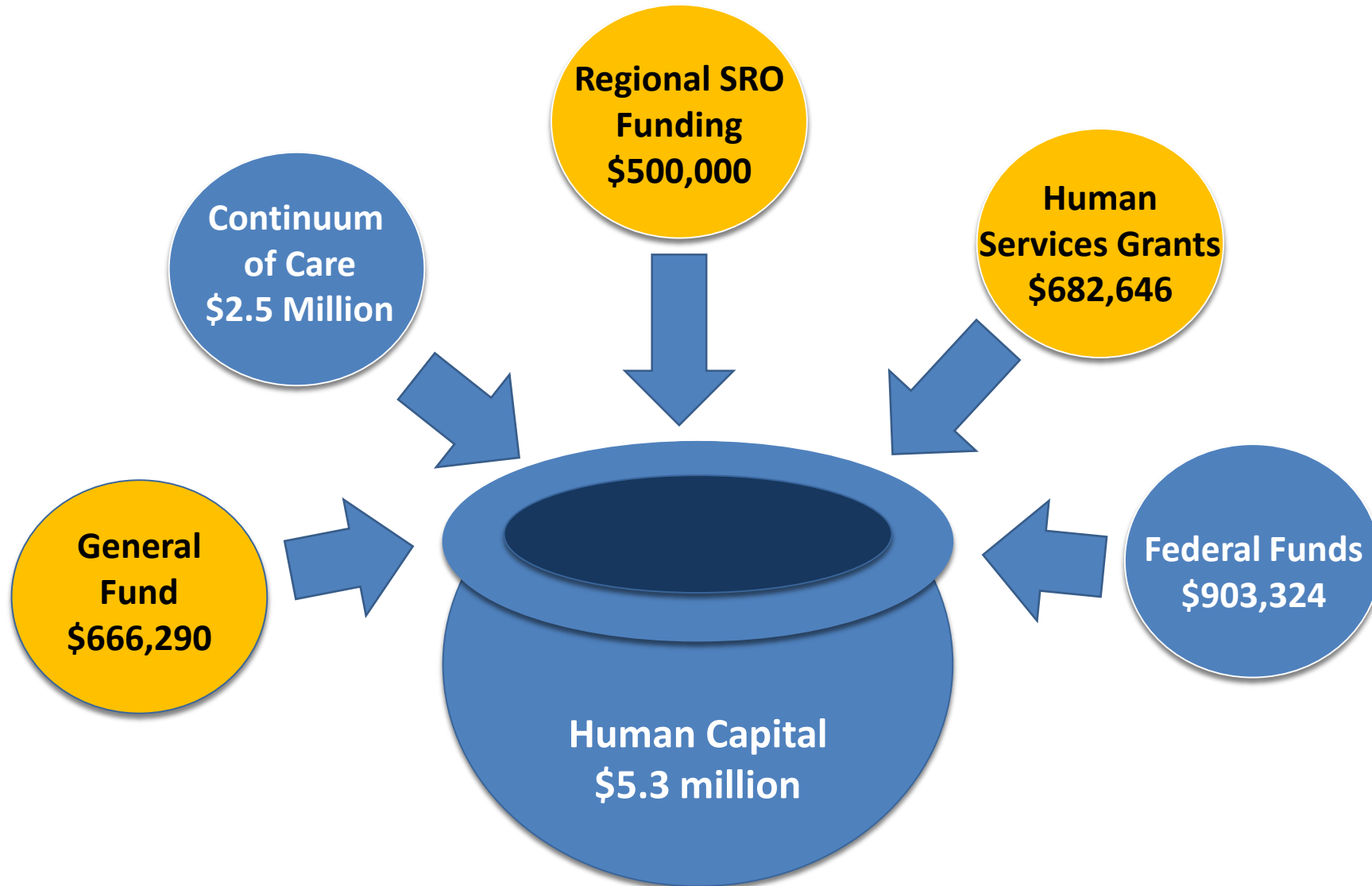
Create the Department of Neighborhood Development to:

- Implement a new service delivery model focused on neighborhood collaboration and community problem solving
- Advocate on behalf of and provide support for all neighborhoods
- Leverage existing city resources to enhance the quality of life for residents in all neighborhoods

Physical Environment Funding – Multiple Sources



Human Capital Funding– Multiple Sources



Lifelong Learning

*The priority of **Lifelong Learning** is to ensure residents of all ages are able to reach their full potential, achieve personal goals, and support a prosperous economy through the development of knowledge, skills, abilities, and talents.*



Early Childhood Education

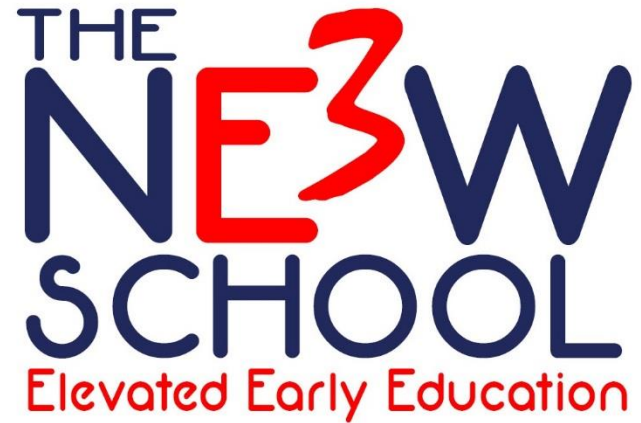
“I am so convinced we need to change the trajectory of how we’re focused on early childhood education if we’re ever going to get the workforce we need to compete. I see this as a business imperative.”

Gary McCollum

E3 Chairman

Senior VP & General Manager, Cox Communications

Forefront of Early Learning Initiatives



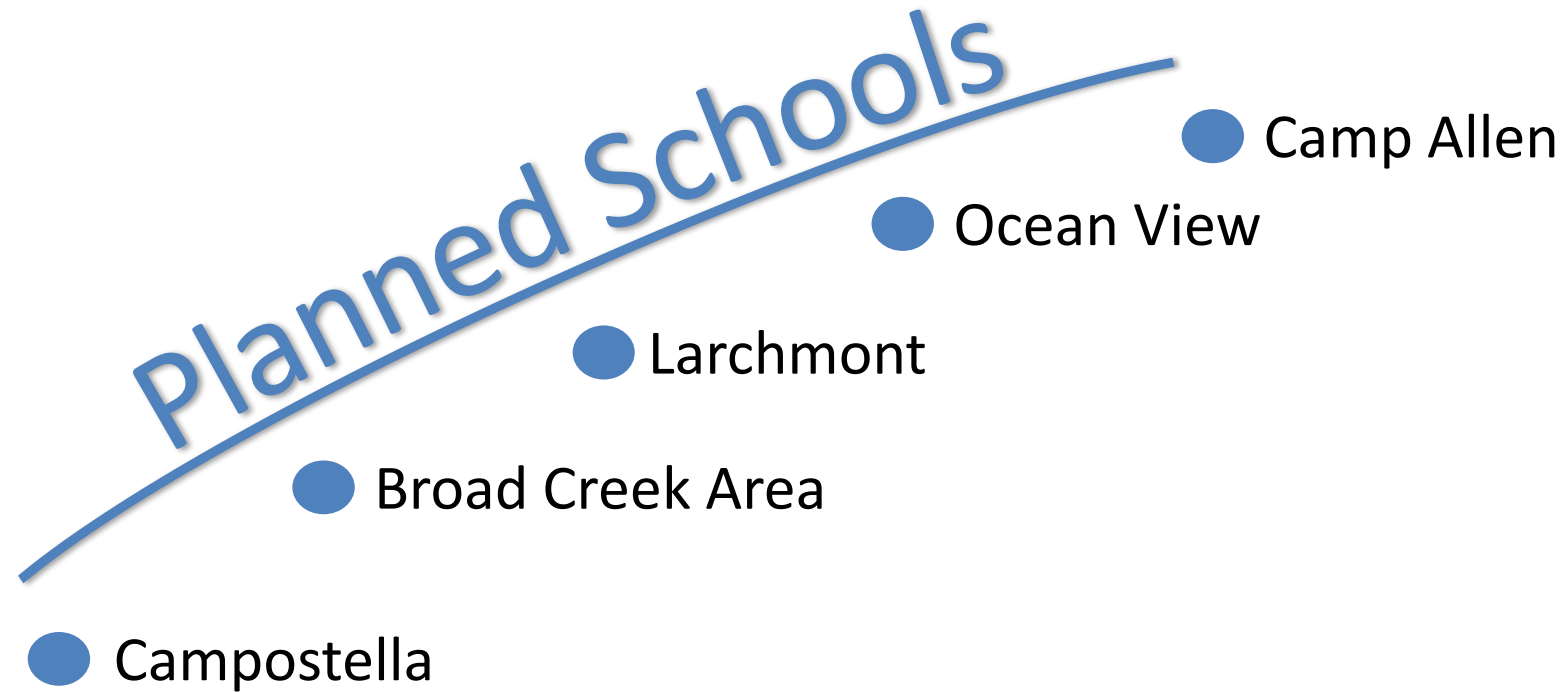
Norfolk Public Schools



School Construction

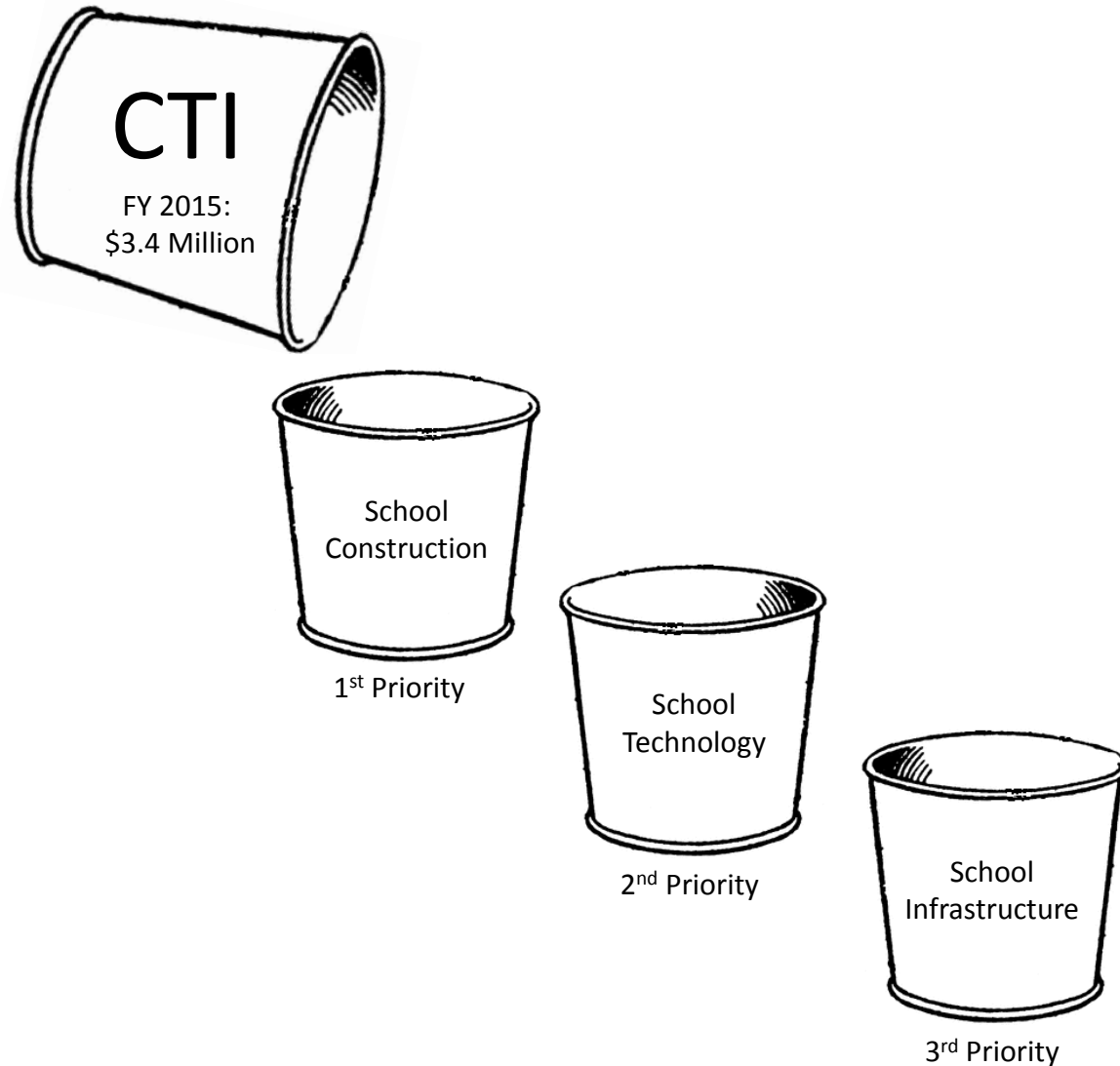
The Five-Year Capital Improvement Plan

Funding to plan, build, and furnish five schools



Lifelong Learning

Second Year of Construction, Technology, and Infrastructure (CTI) – Lockbox increases



Moving Forward

- We have our work cut out for us
- The Proposed FY 2015 budget attempts to address the numerous concerns across the city
- Through collaborative efforts and aligning resources with priorities we will continue to deliver the programs and services identified by our residents



FY 2015 Budget: The Breakdown

Fund	Proposed Budget
General Fund	\$812,386,625
Enterprise Funds	\$131,354,377
Special Revenue Funds	\$59,104,682
Internal Service Funds	\$100,117,027
Total Operating Funds	\$1,102,962,711
Capital Improvement Plan	\$104,053,800
Total Operating and Capital Funds	\$1,207,016,511
Annual Plan for HUD Block Grants	\$5,421,897
Total Financial Plan	\$1,212,438,408

NORFOLK IS AMERICA'S HERITAGE PORT CITY
WHERE PEOPLE ARE TRANSFORMING THEIR
NEIGHBORHOODS, ECONOMY, AND CULTURE
INTO THE MOST FUN AND LIVABLE WATERFRONT
COMMUNITY IN THE WORLD.

